

**MINUTES
SCHOLARSHARE INVESTMENT BOARD**

June 7, 2012

Chair Patricia Wynne called the meeting to order at 1:03 PM.

Present:

Members: Patricia Wynne for Bill Lockyer, California State Treasurer
Diana Ducay for Ana J. Matosantos, Director of Finance
Camille Esch for Sue Burr, State Board of Education
Rhonda Johnson

Staff: Zeny M. Agullana, Executive Director, ScholarShare Investment Board
(SIB or Board)
Arlene Greene, Deputy Director, SIB
Sue Lim, SIB
Joyce Eriksson, SIB
Mark Paxson, General Counsel, State Treasurer's Office (STO)

Consultants: Jeremy Thiessen, Managing Director, Pension Consulting Alliance, Inc., (PCA)
Andrea Feirstein, Managing Director, AKF Consulting Group (AKF)

TFI: Doug Chittenden, President, TIAA-CREF Tuition Financing, Inc. (TFI)
Pamela McNulty, Senior Director, Head of Marketing, TFI
Craig Parkin, Director, Head of State Relationship Management, TFI
Laura Moewe, Program Director, CA Relationship Manager, TFI
Ed Mihalho, Director, Investment and Product Strategy, TFI
Don Wolf, Senior Marketing Manager, TFI
Ralph Clement, Team Manager, Lead Field Consultant, TFI
Jennifer Benson, Field Consultant, TFI
Mike Diephouse, Field Consultant, TFI
Stephon Hamm, Field Consultant, TFI
Rita Lulla, Field Consultant, TFI
Yvette Meneses, Field Consultant, TFI
Rafael Rivera, Field Consultant TFI

Chair Wynne declared a quorum present.

Chair Wynne announced that Board Member Antoinette Chandler had recently resigned from the Board.

Board Agenda Item Number One

Approval of Minutes from March 22, 2012 ScholarShare Investment Board Meeting

The minutes for the March 22, 2012 SIB meeting were presented to the Board.

Board Action

Member Ducay moved to approve the item before the Board, the minutes for the March 22, 2012 SIB meeting. The motion was seconded by Member Johnson and approved by the Board.

Board Agenda Item Number Two

Executive Director's Report

Ms. Arlene Greene, SIB, provided updated account and asset data for the ScholarShare College Savings Plan (Plan) and also provided updates on recent marketing and outreach activities. Ms. Greene also provided updates on the CalSAVE program, noting that part of its success has been due to the wrap-around service provided to foster youth students by the participating pilot school programs.

Ms. Zeny Agullana, SIB, provided an update on recent activities and legislation, and noted the Department of Finance's proposed changes to the Governor's Scholarship Programs in recent budget trailer bill legislation.

Ms. Andrea Feirstein, AKF, provided an update on the 529 market indicating that the 529 market continues to improve and California's ranking in the industry is within the top ten nationwide. Ms. Feirstein stated that there continues to be a significant opportunity to increase account ownership across California.

Member Esch inquired whether there was data supporting how many children in California had a 529 college savings plan. Mr. Chittenden stated that it was difficult to chart how many children had a 529 plan, as many Californians participate in 529 plans in other states.

Ms. Agullana reminded the Board that the next Board meeting has been changed to September 20, 2012.

Board Agenda Item Number Three

Introduction of TIAA-CREF Tuition Financing, Inc.'s Field Consultant Team for the ScholarShare Plan

Ms. Pamela McNulty, TFI, introduced Mr. Ralph Clement, team manager and lead field consultant, along with the six field consultants assigned throughout the state. Ms. McNulty noted that all consultants are licensed professionals and two of the consultants are bilingual, Spanish speaking. Each of the representatives provided a brief overview of their professional background and the efforts they are currently executing to reach and educate Californians about the benefits of saving for college with the ScholarShare Plan.

Board Agenda Item Number Four
Review and Analysis of TIAA-CREF Tuition Financing, Inc.'s Investment Performance for the ScholarShare Plan for First Quarter 2012

Mr. Ed Mihallo, TFI, presented TFI's Investment Performance Report for the Plan for the first quarter 2012 providing a brief market overview and highlighting the performance of the portfolios. Mr. Mihallo reported that the second quarter did not perform as well as the first quarter, although all portfolios have outperformed their benchmarks.

Mr. Jeremy Thiessen, PCA, presented PCA's Investment Performance Status Report for the first quarter 2012, highlighting the performance of the underlying funds in the Plan portfolios compared to the approved investment performance criteria.

Board Agenda Item Number Five
Review of TIAA-CREF Tuition Financing, Inc.'s Administrative Performance for the ScholarShare Plan for the First Quarter 2012

Ms. Laura Moewe, TFI, presented TFI's Administrative Performance Report comparing its administrative performance during the first quarter of 2012 to the benchmarks adopted by the Board. Ms. Moewe reported that for the first quarter, TFI underperformed by more than two percent in one performance area, Non-financial Correspondence-Timeliness.

Board Agenda Item Number Six
TIAA-CREF Tuition Financing, Inc.'s Marketing Update for the ScholarShare Plan

Mr. Don Wolf, TFI, presented TFI's Marketing Overview for the Plan identifying results of efforts completed in early 2012, as well as efforts planned for the remainder of the year. Mr. Wolf also provided an update on the 2012 budget, marketing activities, including online, print, radio, employer and ethnic outreach, customer direct marketing and communications, public relations, and local marketing.

Public Comment

Chair Wynne called for public comment. There was none.

There being no further business before the Board, the Chair adjourned the meeting at 3:05 PM.

Respectfully submitted by,

Zeny M. Agullana, Executive Director
ScholarShare Investment Board